

INTERIM IRM PROCEDURAL UPDATE

DATE: 03/14/2012

NUMBER: WI-21-0312-0565

SUBJECT: Fresh Start Penalty Relief

AFFECTED IRM(s)/SUBSECTION(s): 21.3.12

CHANGE(s):

IRM 21.3.12.6 - Added for procedure relating to the Fresh Start Penalty Relief Initiative.

1. Taxpayers will be offered the opportunity to file for a 6 month extension of time to pay their 2011 individual income tax. Failure to Pay Penalty will not be charged on the tax owed during this time frame. However interest will continue to be charged on the balance. The extension to pay can be requested by submitting a Form 1127-A, and must be filed by April 17, 2012.
 - Form 1127-A is only for requesting an extension to pay for the amounts owed for 2011. Failure to Pay Penalty will continue to accrue if the taxpayer owes on other modules.
 - Full payment (including interest) must be received on or before October 15, 2012. If full payment is not received, Failure to Pay Penalty will be assessed on the account from the due date of the return until the tax is paid in full.
 - Taxpayers must still file Form 4868 to request an extension to file
 - The Form 1127-A can not be electronically filed
 - Form 1127-A will be mailed to only 2 sites: Fresno CSCO Operations and Brookhaven Campus Support.
2. The criteria for filing Form 1127-A:
 - Adjusted Gross Income (AGI) under \$200,000 for a Married Filing Joint return; AGI under \$100,000 for other filing statuses.
 - Income tax liability due on the 2011 income tax return is under \$50,000.
 - For wage earners, unemployed in calendar year (CY) 2011 for at least 30 consecutive days. Note that only one spouse needs to meet eligibility criteria for Joint returns.
 - For self-employed, a 25% reduction in business income due to the economy.

NOTE: Pre-filing calls will be worked on the account phone applications and **not** transferred to tax law.

3. There are 3 reasons a Form 1127-A can be rejected:

- a. If the form is not signed
 - b. There is a problem with the SSN
 - c. Form 1127-A is not timely received- Postmarked after 4-17-2012
4. Account research :

If	Account Actions
the Form 1127-A is accepted	<ul style="list-style-type: none"> • A TC 470 cc 93 will be input to hold the notices until October 15, 2012 and prevent collection actions. • A TC 971 ac 468, transaction date of 10-15-2012, will be input to suppress the assessment of the FTP penalty. • No acknowledgement will be sent to the taxpayer to advise them of acceptance of the Form 1127-A. • Allow 4 weeks from the mailed date for processing of the form. • In mid September a notice will be sent to those taxpayers who still have a balance on the account. This notice will provide the taxpayer with a payoff figure projected to the October 15th full payment date. The interest owed will be computed on this notice. • If the account has not gone into Status 12 by October 15th the FTP will be assessed from 4-15-12
the Form 1127-A is rejected:	<ul style="list-style-type: none"> • A TC 971 ac 468, transaction date 4-17-2012 will be input. • The "MISC" section will show the reason for rejection- Ex. "1127A UNSIGNED" • A 143C letter will be sent explaining to the taxpayer the reason for the rejection • If the form is rejected for missing signature or SSN problem, the taxpayer will have 30 days from the date of the notice to provide a timely response. If the response is received after 4-17 but is within the 30 day time frame it will still be considered timely.

5. For problems relating to this initiative, Form 4442 will be faxed to the appropriate site. The time frame for response on the Form 4442 is the normal 30 days. Form 4442 should be faxed **"ONLY "**for the following reasons (erroneous Forms 4442 will be returned through the Erroneous Referral Coordinator):
- a. No account actions are present but taxpayer has proof of filing the form. If the taxpayer can fax the proof while on the phone have them fax it in. Send a Form 4442 along with the proof to the appropriate site (see chart below). If they can not fax the information advise them to send the proof along with a copy of the

letter to the appropriate site. If the taxpayer has no proof of filing, advise the caller we have no record of receiving the Form 1127–A and unless they can provide proof of mailing there isn't anything we can do. If the balance due return has posted, follow normal collection procedures.

- b. The Form 1127–A has been rejected and the 143C letter was sent to the wrong address. Send Form 4442 to advise CSCO of the address change.
- c. Form 1127–A was filed originally as a joint extension. The taxpayers are now filing separate returns. Advise the caller if the extension was signed by both parties, the extension will be input on the secondary's account. Send a Form 4442 to CSCO advising them of the situation. Be sure to include the XREF TIN information.
- d. Taxpayer received a rejection letter based on timely filing of the 1127–A. Taxpayer wants proof of late filing. Send Form 4442 for CSCO to send copy of postmarked envelope to the taxpayer.
- e. Taxpayer receives the first collection notice and there is no account actions for a rejected or accepted Form 1127–A. The taxpayer receives the first collection notice and there is no account actions for a rejected or accepted Form 1127–A. The taxpayer states they attached the form to the paper return. Send Form 4442 the appropriate site to pull the return.

NOTE: Use the chart below to determine where the Form 4442 needs to be faxed.

CAUTION: These FAX numbers are for *internal use only*

Taxpayer's resides in:	Location and Fax number
Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Virginia, Vermont, Washington, West Virginia, Wisconsin, Wyoming A foreign country, U.S. possession or territory, or use an APO or FPO address.	Brookhaven FAX- (631) 447-4755 Erroneous Forms 4442 will sent back to the site 4442 Coordinator.
California, Florida, Georgia, Illinois, Michigan, North Carolina, Ohio, Texas	Fresno FAX- (559) 458-7913 Erroneous Forms 4442 will sent back to the site 4442

6. If the taxpayer calls and will be paying off the balance due prior to the October 15th date, see IRM 21.3.12.3.1 (2) *Taxpayer Requests An Installment Agreement Payoff Amount*, for guidance on computing the payoff figure. Review the account and make sure the FTP is not included in the payoff figure.
7. If the taxpayer calls stating they are not going to be able to full pay the account by the 10–15 date and wants a payment agreement, advise the caller they will be responsible for the FTP and it will not be waived. Reverse the TC 971 ac 468 and TC 470 cc 093 prior to inputting the installment agreement. All balance due procedures associated with setting up a payment plan must then be followed on this call.